

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

The Lincoln Telephone and)
Telegraph Company)

800 Data Base Access Tariffs and the)

800 Service Management System Tariff)

CC Docket No. 93-129

DIRECT CASEI. INTRODUCTION

The Lincoln Telephone Company ("Lincoln"), by its attorneys, hereby files its Direct Case in response to the Commission's Order Designating Issues for Investigation in CC Docket No. 93-129, DA 93-930, released July 19, 1993 ("Designation Order"). As is noted in the Lincoln Petition for Waiver being submitted concurrently with this filing, Lincoln was incorrectly listed as a Price Cap Carrier in Appendix A to the Designation Order. Lincoln was a Rate of Return Carrier when it filed its 800 Data Base Access Service Tariff. Therefore, in this Direct Case it is submitting the information specified in Appendix B to the Designation Order.

II. RESPONSES TO ISSUES DESIGNATED FOR INVESTIGATION

- 1. For 800 data base service, provide the demand level used in your cost calculations.**

Lincoln used a Total Company annual demand (Interstate and Intrastate) of 40,496,000 for 800 data base queries in both Transmittal No. 65 filed on March 5, 1993 and Transmittal No. 67 filed on April 19, 1993. Both of the above transmittals had an effective date of May 1, 1993.

Lincoln developed the rate for 800 data base queries on a non-jurisdictional basis, based on total company costs and demand. Lincoln mirrored its interstate access tariff rate for 800 data base queries in its intrastate access tariff, effective May 1, 1993.

The demand level used in the June 17, 1993, GSF filing, Transmittal No. 72, represented only interstate demand. The interstate demand was determined by multiplying the total demand by a composite percent interstate usage (PIU) factor of 68%. The PIU factor was developed based on the number of originating 800 calls that are interstate.

- 2. If in calculating your costs, you lowered your demand estimate to compensate for unbillable queries, thereby increasing costs, provide the percent by which you lowered demand.**

Lincoln did not lower its demand estimate to compensate for unbillable queries.

- 3. Explain and justify your rationale for the factor used to decrease demand for your ratemaking calculations.**

Lincoln did not use a factor to decrease demand for its ratemaking calculations.

- 4. Provide the name of the SCP provider for your query service.**

Lincoln's query service is provided through a contractual arrangement with U.S. Intelco Networks, Inc. (USIN). USIN bills Lincoln for query charges based upon USIN's arrangement with Ameritech as the SCP provider.

- 5. Provide the per query rate on which your rates were based.**

Lincoln's rates are based on a per query rate of \$.0012 to Lincoln by USIN.

- 6. Did your SCP provider(s) revise rates since your original rate calculations?**

Lincoln's original rate calculations for 800 data base service, filed on March 5, 1993, were based on Lincoln using U.S. West as its SCP provider. On April 19, 1993, Lincoln filed changes to its 800 data base service to reflect its lower costs for query charges through USIN's arrangement with Ameritech as the SCP provider. USIN has not revised its rates for query charges since Lincoln's April 19, 1993 filing.

- 7. If your SCP provider(s) revised rates, have you revised your rates to reflect the change in your costs?**

Lincoln's SCP provider has not revised its rates.

costs for query charges through USIN's arrangement with Ameritech as the SCP provider. USIN has not revised its rates for query charges since Lincoln's April 19, 1993 filing.

7. If your SCP provider(s) revised rates, have you revised your rates to reflect the change in your costs?

Lincoln's SCP provider has not revised its rates.

8. If you use two or more SCP providers and develop a composite query costs, explain how the composite is calculated for inclusion in your rates.

Lincoln has only one SCP provider.

9. If you use a transport provider, provide the name and per query rate assessed by that provider.

Lincoln uses Independent Telecommunications Network, Inc. (ITN) as its transport provider. ITN's per query rate for transport is \$.005.

10. Provide worksheets showing all relevant data and calculations.

See the attached 800 data base access service filing description and justifications for Transmittals No. 65 and 67.

11. Include and justify any other costs incurred to provide 800 service.

See the attached 800 data base access service filing description and justifications for Transmittals No. 65 and 67.

Lincoln submits that the above information is responsive to the issues listed in Appendix B to the Designation Order and urges the Commission to expeditiously conclude the investigation in this proceeding.

Respectfully submitted,

Robert A. Mazer / AS

Robert A. Mazer
Nixon, Hargrave, Devans & Doyle
One Thomas Circle, N.W.
Suite 800
Washington, D.C. 20005
(202) 457-5300

September 20, 1993

Counsel to the Lincoln Telephone
& Telegraph Company

INFORMATION REQUEST FOR 800 DATABASE SERVICE COSTS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total
I Unit Cost and Investment																
STP/SCP Signalling Link																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
Local STP/Regional STP Signalling Link																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
Tandem Switch																
Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																
SSP																
Unit Investment							\$0.005038									
Unit Costs																
Depreciation																\$0.000306
Net Return																\$0.000283
Federal Income Tax																\$0.000061
State & Local Income Tax																\$0.000019
Maintenance																\$0.000295
Administration																\$0.000487
Other Tax																\$0.000018
Other Direct Expense																\$0.007370
Overhead Loadings																
Total																\$0.008839

Lincoln did not calculate expenses on a per account basis. See Lincoln's Description and Justification filed on March 5, 1993, Transmittal #65.

Lincoln's current rate of \$.008227 became effective in the June 17, 1993 GSF Filing, Tariff Transmittal #72.

B-1

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

II. Jurisdictional Separations

STP/SCP Signalling Link

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

Local STP/Regional STP Signalling Link

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

Tandem Switch

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

SSP

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment

A

III. Demand

40,496,000

800 Database Queries

State 800 Database	12,958,720
State Other	
Interstate 800 Database	27,537,280
Interstate Other	
Unbillable Query Factor	

| D & J
Trans. 65

LINCOLN TELEPHONE AND TELEGRAPH COMPANY

TRANSMITTAL NO. 65

DESCRIPTION AND JUSTIFICATION

DESCRIPTION AND JUSTIFICATION

I. INTRODUCTION

Lincoln Telephone and Telegraph Company (Lincoln) submits this Description and Justification in support of revisions to its Tariff F.C.C. No. 3. These tariff revisions are submitted in compliance with the Commission's Report and Order (Order) in CC Docket No. 86-10, *Provision of Access for 800 Service*, Released January 29, 1993.

A. Service Description

With this filing, Lincoln proposes to remove its Interim 800 NXX Translation service and offer 800 Data Base Access Service to carriers effective May 1, 1993. 800 Data Base Access Service will be provided throughout the entire 958 LATA.

800 Data Base Access Service is an originating trunk-side offering that provides carrier selection of 800 calls dialed by end users, based on the dialed 800 number in the form 1+800+NXX-XXXX. Lincoln will perform carrier selection for each 800 call by querying a data base to determine the carrier to whose point of termination the call is to be delivered. In addition to the carrier selection function, 800 Data Base Access Service will also provide various optional vertical features to customers.

Lincoln will provide 800 Data Base Access Service for originating 800 calls by accessing the Service Control Point (SCP) data base through Independent Telecommunications Network, Inc. (ITN). Access to the SCP is provided through the use of Lincoln's Service Switching Point (SSP), SS7 links, Signal Transfer Point (STP) investment, and the ITN SS7 backbone network. Lincoln will lease private lines to connect its STPs with the ITN SS7 backbone network for access to the SCP.

II. COST AND RATE DEVELOPMENT

A. Overview

With this filing, Lincoln introduces interstate tariff rates for 800 Data Base Access Service. The rate elements are established to recover the cost of Lincoln's investment in equipment and facilities, ITN's transport and data base charges.

Also, in this filing, Lincoln revises special access, switched traffic sensitive, and common line rates to recover the cost of Lincoln's additional non-query related investments, and to reflect new utilization of plant required to provide 800 data base service.

B. Query Related

In developing rates for the data base query, Lincoln analyzed two separate cost components. The first cost component, direct investment, is for equipment purchased by Lincoln to provide 800 Data Base Access Service.

This direct investment was multiplied by .50 to determine the average net rate base over the service life. This product was then divided by the projected annual 800 data base queries to calculate 800 net rate base per query. These calculations are shown on the INVESTMENT Exhibit. The result of this calculation serves as the rate base for 800 data base carrier selection and 800 vertical services, as shown on the RATE DEV Exhibit.

The second cost component, direct expenses, are those costs incurred to provide 800 Data Base Access Service for which it was not necessary for Lincoln to purchase investment. Lincoln leases B links for SS7 transport between STPs owned by Lincoln and STPs owned by ITN. ITN charges Lincoln a per query amount for ITN transport. ITN will also charge Lincoln for 800 data base queries that it is charged by the 800 data base provider. These direct expenses are calculated and summarized on the EXPENSE Exhibit. These direct expenses serve as input to Line 28 on the RATE DEV Exhibit.

The rate base was then multiplied by the authorized rate of return of 11.25% to determine return on rate base. State income taxes, federal income taxes, and other operating expenses were added to the return on rate base to calculate the rate for each 800 data base element. The expenses for each element were calculated on a percentage-of-rate-base basis. The percentage-of-rate-base factor was calculated by dividing 1991 ARMIS Report 43-04 expenses by 1991 ARMIS Report 43-04 rate base. This methodology was also used to calculate percentage-of-rate-base factors for interest and related items, ITC amortization, and IRS income adjustments for calculation of state and federal income taxes as shown on the RATE DEV Exhibit.

C. Non-Query Related

In developing the revised special access, switched traffic sensitive and common line rates, Lincoln employed the traditional rate of return studies used in its annual interstate access filing. The additional investments discussed below and resultant categorization changes were used to develop an 800 data base cost adjustment, as shown on the 800CA Exhibit. This adjustment was added to the revenue requirement underlying the current rates to develop a rate adjustment factor (RAF), as shown on the RAFWS Exhibit. Lincoln applied this RAF to current rates at the access category level, in conformance with the method used in the 1992 Tariff Order, to develop the revised rates in this filing, as shown on the SWRAF, SPRAF and CLWS1-4 Exhibits.

The non-query related investments and facilities usage changes were determined through discussions with Network Engineering departments. These non-query related investments were required because Lincoln's #3 EAX Access Tandem switch does not have the ability to launch an SS7 query to the 800 data base. The most cost effective alternative was to use our DMS 100/200/TOPS as the tandem for 800 data base calls. New trunks were added from end offices to the 800 tandem switch. New connections were made from the 800 tandem switch to IXC's point of termination. This resulted in additional COE switching and circuit investment being added to the rate base. In addition, new utilization of trunk cable and wire facilities caused a significant increase in joint-message circuit miles resulting in a categorization shift to CWF Cat. 3. The corresponding changes in usage of circuit equipment caused a categorization shift to COE Cat. 4.23. There is also new tandem utilization in the DMS 100/200/TOPS causing a categorization shift from COE Cat. 3 to COE Cat. 2. These investment and categorization changes were then made to the base (calendar year 1992) cost studies to compute the 800 data base cost adjustment. The query related costs, discussed previously, were not included in this study to keep them from being allocated again to non-query related rates.

III. DEMAND

In projecting demand for 800 data base queries for carrier selection, Lincoln first projected 800 completed calls by analyzing historical completed call quantities. The projected number of completed calls were divided by the current completion ratio to calculate the number of 800 data base queries.

IV. REVENUE DEVELOPMENT

Revenue for 800 carrier selection was projected by multiplying projected 12-month demand for 800 carrier selection by its projected rate. Revenue from the revised special access, switched traffic sensitive, and common line rates was projected by multiplying the demand underlying the current rates by the projected rates.

QUERY RELATED INDEX OF EXHIBITS

I. RATE DEVELOPMENT

Rate Development - 800 Data Base Query RATE DEV 1-1

II. DIRECT INVESTMENT

Total Direct Investment INVESTMENT 1-1

III. DIRECT EXPENSE

Carrier Selection EXPENSE 1-2

Vertical Services EXPENSE 2-2

IV. DEMAND

Demand Analysis DEMAND 1-1

V. REVENUE

Revenue Analysis REVENUE 1-1

RATE DEVELOPMENT
Rate Development - 800 Data Base Query

LINE	DESCRIPTION	SOURCE	Rate Base Factor (a)	800 Data Base- Carrier Selection (b)	800 Data Base Vertical Services- POTS Translation (c)	800 Data Base Vertical Services- Other (d)
1	Net Telecom Plant	INVESTMENT Exhibit	0.000	\$0.002519	\$0.000000	\$0.000000
2	Rate Base Adjustment #1	Records	0.000	0	0	0
3	Rate Base Adjustment #2	Records	0.000	0	0	0
4	RATE BASE	Ln 1-Ln 2..3	0.000	\$0.002519	\$0.000000	\$0.000000
5						
6	Rate of Return	Records		0.112500	0.112500	0.112500
7	RETURN ON RATE BASE	Ln 4*Ln 6	0.000	0.000283	0.000000	0.000000
8						
9	Return Adjustment #1	Records	0.000	0.000000	0.000000	0.000000
10	NET RETURN	Ln 7-Ln 9	0.000	0.000283	0.000000	0.000000
11						
12	7300 Alw Fds Used Dur Constr	-----	0.000	0.000000	0.000000	0.000000
13	7500 Interest & Related Items	Records	0.040	0.000101	0.000000	0.000000
14	ITC Amortization	Records	0.009	0.000023	0.000000	0.000000
15	Amortization of Excess Def Taxes	-----	0.000	0.000000	0.000000	0.000000
16	Capitalized Payroll Taxes	-----	0.000	0.000000	0.000000	0.000000
17	Depreciation Adjustment	-----	0.000	0.000000	0.000000	0.000000
18	FIT Allowances/Disallowances	-----	0.000	0.000000	0.000000	0.000000
19	IRS Income Adjustments	Records	0.002	0.000005	0.000000	0.000000
20	Excess Deferred Taxes	-----	0.000	0.000000	0.000000	0.000000
21	Income Adjustment #3	Records	0.000	0.000000	0.000000	0.000000
22	AFTER TAX INCOME	Ln10+Ln12..Ln16+Ln17..Ln21	0.000	0.000164	0.000000	0.000000
23						
24	State Income Tax	(Ln22+Ln25+Ln14)*Ln37	0.000	0.000019	0.000000	0.000000
25	Net Federal Income Tax	[Ln22*(Ln40/(1-Ln40))]-Ln14	0.000	0.000061	0.000000	0.000000
26	Other Operating Expenses	Records	0.439	0.001106	0.000000	0.000000
27	Uncollectibles	-----	0.000	0.000000	0.000000	0.000000
28	Direct Expenses	EXPENSE: Pg 1 Ln 7, Pg 2 Ln 1 & 2	0.000	0.010670	0.003665	0.000694
29	NET REVENUE REQUIREMENT	Ln10+Ln24..Ln28	0.000	\$0.012139	\$0.003665	\$0.000694
30						
31	Gross Receipts Tax	Note 1	0.000	0.000	0.000	0.000
32	Other Adjustments	Records	0.000	0.000	0.000	0.000
33	REVENUE REQUIREMENT	Ln29+Ln31-Ln32	0.000	\$0.012139	\$0.003665	\$0.000694
	INCOME TAXES					
34	FIT Taxable Income	Ln 22 + Ln 41	0.000	0	0	0
35	SIT Taxable Income	Note 2	0.000	0	0	0
36						
37	State Income Tax Rate	Ln 38/Ln 35	0.078100	0.078100	0.078100	0.078100
38	State Income Tax Requirement		0.000	0	0	0
39						
40	Federal Income Tax Rate	Ln 41/Ln 34	0.340000	0.340000	0.340000	0.340000
41	Gross Fed Inc Tax Requirement		0.000	0	0	0
42	Net Fed Inc Tax Requirement	Ln 41-Ln 14-Ln 15	0.000	0	0	0

Note 1: Based on these Statutory Rates:

Note 2: If SIT is deductible for SIT, then Ln 34, otherwise, 34 + 38

0.000000

0.000000

0.000000

DIRECT INVESTMENT EXHIBIT
Total Direct Investment

Description	Source	Quantity
1 800 data base SSP investment	Records	\$204,000.00
2 Average investment over service life	Line 1 / 2	\$102,000.00
3 Annual data base queries	DEMAND: Page 1 Line 3	40,496,000
4 Direct investment per data base query	Line 2 / Line 3	<u>0.002519</u>

DIRECT EXPENSE EXHIBIT
Carrier Selection

Description	Source	Quantity
1 Annual 800 data base B-link expense	Records	\$47,400.00
2 Annual 800 data base queries	DEMAND: Page 1 Line 3	40,496,000
3 B-link - Query charge	Line 1 / Line 2	0.001170
4 Add - ITN transport charge/query	Records	0.005000
5 Add - Data base provider query charge	Records	0.003500
6 Add - Other ITN charge/query	Records	0.001000
7 Total annual 800 data base query direct expense	Sum of Line 3 through Line 6	<u>0.010670</u>

DIRECT EXPENSE EXHIBIT
Vertical Services

Description	Source	Quantity
1 Data base provider POTS translation charge	Records	<u>0.003665</u>
2 Data base provider other vertical service feature charges	Records	<u>0.000694</u>

DEMAND ANALYSIS

Description	Source	Quantity
1 Projected annual 800 data base completed call volume	Records	29,713,980
2 Projected completion ratio	Records	0.733751
3 800 data base annual demand	Line 1 / Line 2	<u>40,496,000</u>

REVENUE ANALYSIS

Description	Source	Quantity
1 Annual 800 data base queries	DEMAND: Page 1 Line 3	40,496,000
2 800 data base rate	RATE DEV: Column B, Line 33	\$0.012139
3 800 data base annual revenue	Line 1 * Line 2	<u>\$491,580.94</u>

NON-QUERY RELATED INDEX OF EXHIBITS

I. NON-QUERY COST ADJUSTMENTS

Calculation of 800 Data Base
Non-Query Cost Adjustments 800CA 1-1

II. RATE ADJUSTMENT FACTORS

Calculation of 800 Data Base
Rate Adjustment Factors RAFWS 1-1

III. COMMON LINE

Comparison of Common Line
Current and Proposed Rates CLWS-1 1-1

Computation of End User Common Line Rates
After 800 Data Base Cost Reallocation CLWS-2 1-1

Computation of End User Common Line
and Special Access Surcharge Revenue CLWS-3 1-1

Computation of Common Line Revenue Requirement CLWS-4 1-1

IV. SWITCHED ACCESS

Adjusted Interstate Switched Access Rates SWRAF 1-1

V. SPECIAL ACCESS

Adjusted Interstate Special Access Rates SPRAF 1-2 & 2-2

CALCULATION OF 800 DATA BASE NON-QUERY COST ADJUSTMENTS (000'S)

ACCESS CATEGORY	1992 ACTUAL REVENUE REQUIREMENTS @ 11.25% ROFR (A)	1992/W 800 DATA BASE NON-QUERY CHANGES @ 11.25% ROFR (B)	800 DATA BASE NON-QUERY REVENUE REQUIREMENT ADJUSTMENT (C)=(B)-(A)
COMMON LINE	10,109	10,094	(15)
TRAFFIC SENSITIVE	15,202	15,788	586
SPECIAL ACCESS	2,711	2,656	(55)